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CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORT

COUNTRY Malaya

DATE:

SUBJECT Chinese Activities

INFO.

DIST. 13 December 1946

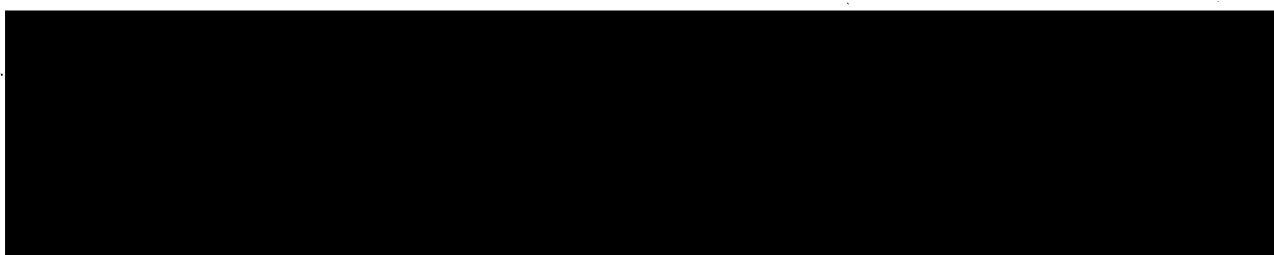
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ORIGIN

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SUPPLEMENT



1. The controversy raised between the left and right-wing overseas Chinese in Malaya by Tan Kah Kee's September telegram to President Truman, General Marshall and Ambassador Leighton was quickly and skillfully exploited by the China Democratic League, with the support of the Malayan Communist Party, and by the ex-MPAJA members and other left-wing organizations.

Tan Kah Kee's telegram demanded immediate withdrawal of American forces in China and cessation of American military aid in the form of supplies to the Central Government. The left-wing Chinese organizations in Malaya came out in support of Tan. One of the important aspects of this internal Chinese conflict was that the left-wing organizations are merely using and exploiting the American issue as a means to increase their strength among the overseas Chinese.

A informant stated last May that he did not anticipate any growing popularity of the China Democratic League in Malaya, as most of its leaders were formerly connected with the Malayan Communist Party. Although the CDL in Malaya claims a middle road between the Kuomintang and the Communists, its key members are still all ex-Communists. This fact discouraged a large number of non-party Chinese moderates, who might otherwise have joined the CDL. It was not until the end of July 1946, when Tan Kah Kee decided to support the China Democratic League, that the CDL began to grow by taking in some of Tan's followers. Many moderate non-party Chinese still hoped Tan would be able to establish a distinct liberal party by drawing on the support of the large middle-class "white-collar", Malayan-born Chinese, but this failed to occur. At present the CDL is a Communist-influenced organization using a liberal, third party political program for cover. It is believed that in their condemnation of the Central Government they alienated the feelings of a large number of Chinese who, although not pro-Central Government, still have a high regard for Chiang Kai-shek and resented personal attacks directed at him.

4. Several highly-placed KMT Chinese do not consider the expansion of the CDL an important factor in the political factor.

CLASSIFICATION CONFIDENTIAL 25X1A9a 25X1A8a

ADSO	FRK	FET	SPDF	VTO
DASO	FRK	FET	SPDS	B DEF.
EXEC.	FBL	FEX	SPDT	CCO
CONTROL	FRM	FET	SPDT	CCO

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5. A sample poll of the right wing Chinese who are not members of the Kuomintang and who generally do not participate in politics, revealed the following:

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- a. They look upon American assistance and the presence of American troops on Chinese soil as an expedient, to cease when the conflict is settled. They realize the faults and shortcomings of the Central Government, but prefer its continuation to the unknown program of the Communists with their background of Russian domination.
- b. To a certain extent they distrust American motives and interests in the conflict and fear that the United States Government may continue to interfere with China's internal policies and problems.
- c. They believe that a coalition government is impossible in China and that the armed conflict is unavoidable. Here again they resent American interference in trying to arbitrate a truce, instead of confining themselves to aid and assistance to the Central Government.
- d. They secretly admire some of the principles and personal integrity of Mao Tse-tung, whom they consider a scholar and a philosopher. They regret the Central Government is not broad-minded enough to incorporate some of those ideas with regard to the lower classes, especially the peasants.
- e. They consider the Chinese family system the root of all evil and responsible for the wide-spread bribery and corruption among civil servants. They admire the ruthless efficiency standards of the pre-war Japanese, who managed to overcome clannish family interference in government, business and industry.
- f. They are in deadly fear of Russian Communism. Their ideas of Communism are based mainly on their personal experiences and knowledge of the activities of the local Communist party, which are purely on an economic level. In other words, their conception of the Communist Party is the local Communist, who accumulates enough funds through blackmail and intimidation and then "resigns" to become a law-abiding citizen.
- g. They fear that conflicting American-Russian interests may lead to an atomic war which, in the Far East, will be largely fought on Chinese soil.
- h. They fear that the Central Government has already become too dependent upon American aid and advice and that in the distant future the Far East (i.e. China, Japan and the Philippines) will become the "backyard" of America, with China occupying the position of a mere satellite.

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